The Dun & Bradstreet Corporation

# The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department

Business Expectations
Vol. 28, No. 1
1st Quarter 1987

For Immediate Release

## News

Contact: Reid H. Gearhart (212) 593-6727

### FIRST QUARTER BUSINESS EXPECTATIONS INCREASE SLIGHTLY OVER PREVIOUS QUARTER

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NEW YORK, Jan. 6--Business optimism for the first quarter of 1987 is up slightly over the fourth quarter of 1986, according to The Dun & Bradstreet Corporation's nationwide survey of more than 1,500 business executives. Results of the current survey point to a resurgence of optimism after expectations in the previous quarter dropped to the lowest level since the second quarter of 1983.

"The current increase in optimism suggests that high expectations in most regions of the country have helped to offset the relatively pessimistic views of business executives in the farming and energy regions," said Joseph W. Duncan, corporate economist and chief statistician of The Dun & Bradstreet Corporation.

In its quarterly survey, Dun & Bradstreet asked executives if they expect an increase, a decrease or no change in first quarter sales, profits, prices, employment, inventories and new orders.

Sales

While 69 percent of those surveyed said they expect higher first quarter sales, versus 70 percent last quarter, only 6 percent expected sales to decline in the first quarter, down from 9 percent in the fourth quarter of last year. A breakdown by industry sector indicates an increase in the sales expectations index for all sectors except retailing. Only 69 percent of retailers expect higher sales in the first quarter, down from 75 percent in the fourth quarter of 1986. "The drop is probably attributable to the change in the federal tax code, which eliminated sales tax deductions beginning January 1. The tax code change was widely expected to stimulate purchases of 'big ticket items' in the fourth quarter of 1986," said Duncan.

Profits

The overall outlook for net profits in the first quarter remained relatively stable, with 63 percent of the executives predicting higher profits, compared with 66 percent in the previous quarter. As was the case with sales, however, the percentage of executives expecting lower net profits fell to 7 percent from 9 percent in the prior quarter, reflecting a decline in all sectors except wholesaling. The sharpest drop occurred among retailers, with only five percent forecasting lower profits, a seven percentage point decrease from last quarter's figure. Durable goods manufacturers were the most optimistic with 66 percent forecasting higher profits this quarter, up three percentage points from the previous quarter. Overall, wholesalers were the least optimistic, with only 60 percent predicting increases in profits, down seven percentage points from the prior quarter.

Prices

"For the sixth quarter in a row expectations for higher prices remained stable, indicating that the U.S. economy is still relatively free of inflationary pressures," said Duncan. The overall percentage of business executives expecting prices to rise was unchanged from the previous quarter at 29 percent. The largest decline in expectations of higher prices came among manufacturers of durable goods, with only 24 percent anticipating price increases this quarter, compared with 26 percent in the previous quarter. The largest increase in expectations of higher prices occurred among non-durable goods manufacturers, with 30 percent forecasting price hikes compared with 27 percent in the fourth quarter of 1986.

Inventories

The percentage of executives anticipating an increase in inventories rose to 35 percent from 33 percent last quarter. Durable goods manufacturers reported the sharpest uptick in inventory expectations with 38 percent expecting inventories to rise in the first quarter versus only 30 percent in the previous quarter. Among retailers, expectations for higher inventories dropped, with 35 percent of those surveyed forecasting a hike in inventory levels, down from 40 percent last quarter.

Employment

The percentage of firms planning to add workers in the first quarter increased to 26 percent from 25 percent in the fourth quarter of 1986. Compared with last quarter, the percentage of those expecting higher employment levels rose to 32 percent from 30

percent among manufacturers of durable goods; and to 25 percent from 23 percent among wholesalers. Retail employment expectations remained level at 21 percent while non-durable goods manufacturers slipped to 24 percent from 27 percent last quarter.

New Orders

Manufacturers' expectations for new orders rose among both durable and non-durable goods makers, up four and one percentage points, respectively. In addition, the percentage of manufacturers forecasting a first quarter drop in new orders fell to 6 percent from 9 percent in the fourth quarter of 1986.

The accompanying charts illustrate Dun & Bradstreet's quarterly optimism indices for sales, profits and employment for the period 1980 through the first quarter of 1987. (The indices are calculated by subtracting the percentage of respondents expecting decreases from the percentage expecting increases. Those forecasting "no change" have no influence on the indices.) While the indices are down from the near-record levels reached during the boom year of 1984, current levels of optimism are quite high compared with the levels of the indices earlier in the decade.

The Dun & Bradstreet Corporation is the world's largest marketer of business information and services, with worldwide revenue of nearly $2.8 billion in 1985.

(See Attached Tables)

* * *

January 6, 1987
(0001)

SURVEY OF BUSINESS EXPECTATIONS
Conducted by The Dun & Bradstreet Corporation

WHAT BUSINESS EXECUTIVES EXPECT FOR THE
FIRST QUARTER OF 1987 COMPARED WITH THE FIRST QUARTER OF 1986

(Interview Period: November 10 to 21, 1986)

| | | All Firms | All Manufacturers | Manufacturers Durables | Manufacturers Non-Durables | Wholesalers | Retailers |
|---|---|---|---|---|---|---|---|
| Net Sales | Number Reporting: | 1,525 | 687 | 504 | 183 | 489 | 349 |
| | % Expecting -- Increase | 69% | 70% | 70% | 71% | 68% | 69% |
| | % Expecting -- No Change | 25% | 23% | 22% | 25% | 25% | 25% |
| | % Expecting -- Decrease | 6% | 7% | 8% | 4% | 7% | 6% |
| Net Profits | Number Reporting: | 1,490 | 668 | 488 | 180 | 480 | 342 |
| | % Expecting -- Increase | 63% | 65% | 66% | 61% | 60% | 64% |
| | % Expecting -- No Change | 30% | 28% | 26% | 33% | 33% | 31% |
| | % Expecting -- Decrease | 7% | 7% | 8% | 6% | 7% | 5% |
| Selling Prices | Number Reporting: | 1,491 | 672 | 491 | 181 | 478 | 341 |
| | % Expecting -- Increase | 29% | 26% | 24% | 30% | 31% | 33% |
| | % Expecting -- No Change | 66% | 69% | 71% | 65% | 64% | 62% |
| | % Expecting -- Decrease | 5% | 5% | 5% | 5% | 5% | 5% |
| Inventories* | Number Reporting: | 1,504 | 679 | 496 | 183 | 483 | 342 |
| | % Expecting -- Increase | 35% | 37% | 38% | 35% | 34% | 35% |
| | % Expecting -- No Change | 49% | 48% | 48% | 49% | 52% | 46% |
| | % Expecting -- Decrease | 16% | 15% | 14% | 16% | 14% | 19% |
| Employees* | Number Reporting: | 1,520 | 686 | 502 | 184 | 486 | 348 |
| | % Expecting -- Increase | 26% | 30% | 32% | 24% | 25% | 21% |
| | % Expecting -- No Change | 67% | 64% | 61% | 71% | 68% | 71% |
| | % Expecting -- Decrease | 7% | 6% | 7% | 5% | 7% | 8% |
| New Orders | Number Reporting: | | 664 | 491 | 173 | | |
| | % Expecting -- Increase | | 67% | 67% | 69% | | |
| | % Expecting -- No Change | | 27% | 27% | 27% | | |
| | % Expecting -- Decrease | | 6% | 6% | 4% | | |

* End of Quarter

Source: The Dun & Bradstreet Corporation
Economic Analysis Department

THE DUN & BRADSTREET CORPORATION - Economic Analysis Department

BUSINESS EXPECTATIONS - ALL CONCERNS

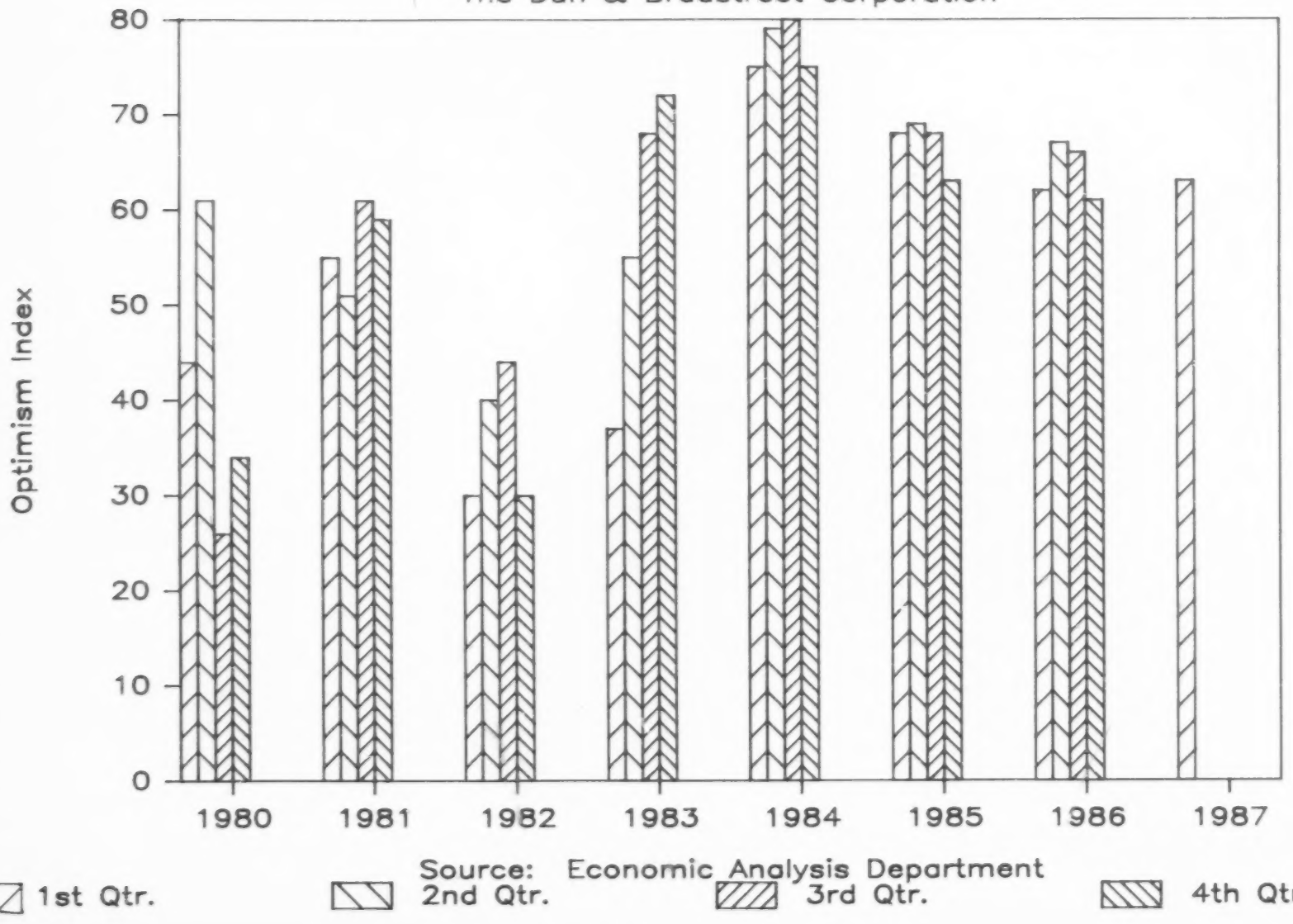
Optimism Index - 1980Q1 to 1987Q1

| | SALES | PROFITS | PRICES | INVENTORIES | EMPLOYEES |
|---|---|---|---|---|---|
| 87Q1 | 63 | 56 | 24 | 19 | 19 |
| 86Q4 | 61 | 57 | 22 | 14 | 17 |
| 86Q3 | 66 | 62 | 26 | 20 | 18 |
| 86Q2 | 67 | 62 | 29 | 17 | 21 |
| 86Q1 | 62 | 55 | 26 | 16 | 18 |
| 85Q4 | 63 | 54 | 25 | 17 | 17 |
| 85Q3 | 68 | 62 | 32 | 23 | 18 |
| 85Q2 | 69 | 62 | 37 | 31 | 24 |
| 85Q1 | 68 | 61 | 36 | 27 | 19 |
| 84Q4 | 75 | 68 | 41 | 32 | 25 |
| 84Q3 | 80 | 75 | 50 | 40 | 27 |
| 84Q2 | 79 | 73 | 50 | 41 | 27 |
| 84Q1 | 75 | 67 | 43 | 33 | 24 |
| 83Q4 | 72 | 62 | 40 | 28 | 20 |
| 83Q3 | 68 | 59 | 39 | 24 | 18 |
| 83Q2 | 55 | 46 | 32 | 16 | 12 |
| 83Q1 | 37 | 29 | 33 | 5 | 1 |
| 82Q4 | 30 | 20 | 37 | 0 | -4 |
| 82Q3 | 44 | 32 | 28 | 11 | 2 |
| 82Q2 | 40 | 31 | 55 | 13 | 2 |
| 82Q1 | 30 | 22 | 61 | 8 | 1 |
| 81Q4 | 59 | 44 | 70 | 27 | 10 |
| 81Q3 | 61 | 47 | 79 | 31 | 12 |
| 81Q2 | 51 | 38 | 78 | 22 | 8 |
| 81Q1 | 55 | 40 | 78 | 26 | 13 |
| 80Q4 | 34 | 22 | 74 | 11 | 1 |
| 80Q3 | 26 | 18 | 69 | 6 | 4 |
| 80Q2 | 61 | 46 | 82 | 39 | 13 |
| 80Q1 | 44 | 32 | 77 | 23 | 9 |

Source: The Dun & Bradstreet Corporation
Economic Analysis Deparment

# Business Expectations — Sales

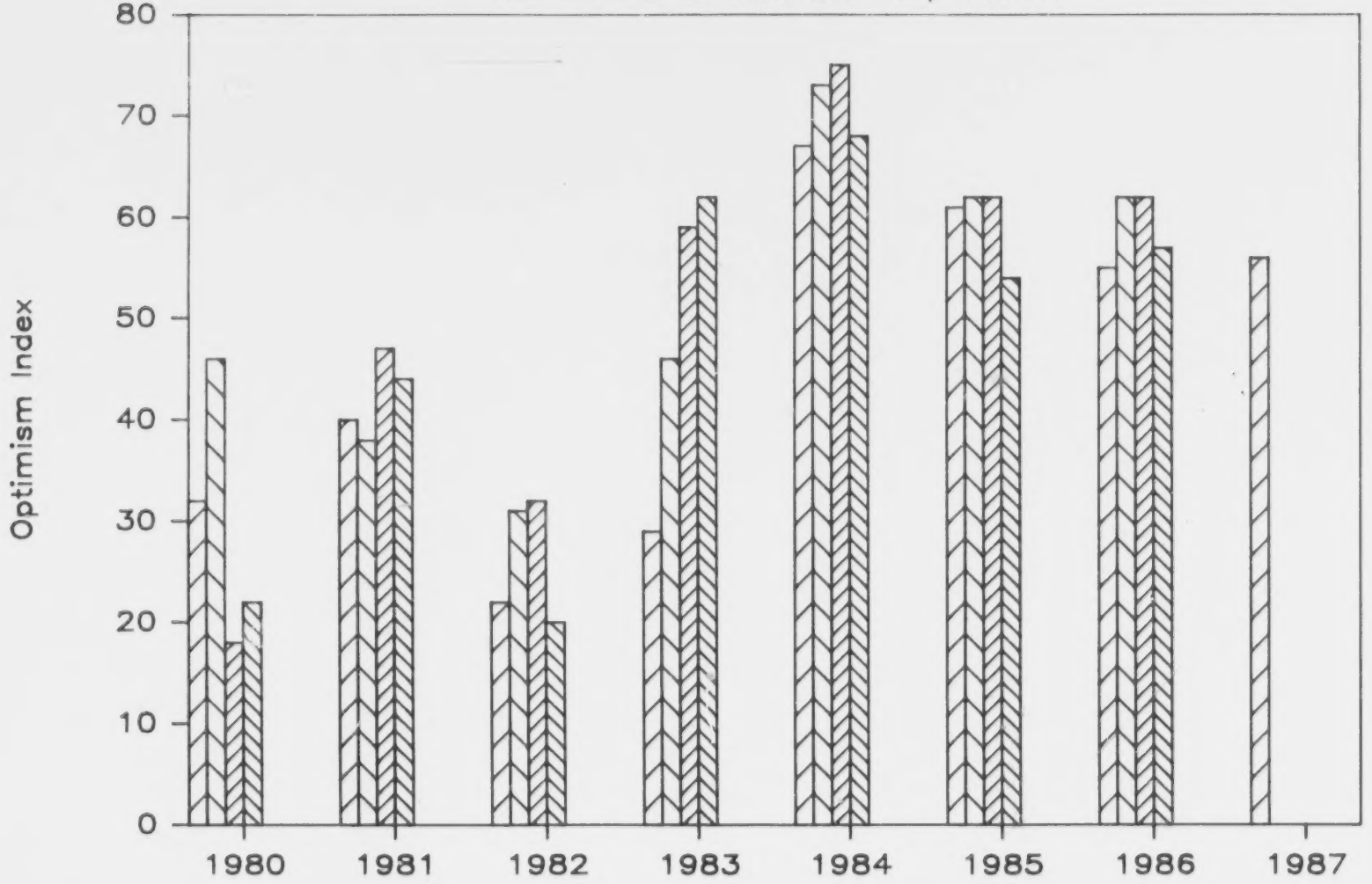
The Dun & Bradstreet Corporation




Source: Economic Analysis Department

# Business Expectations — Profits

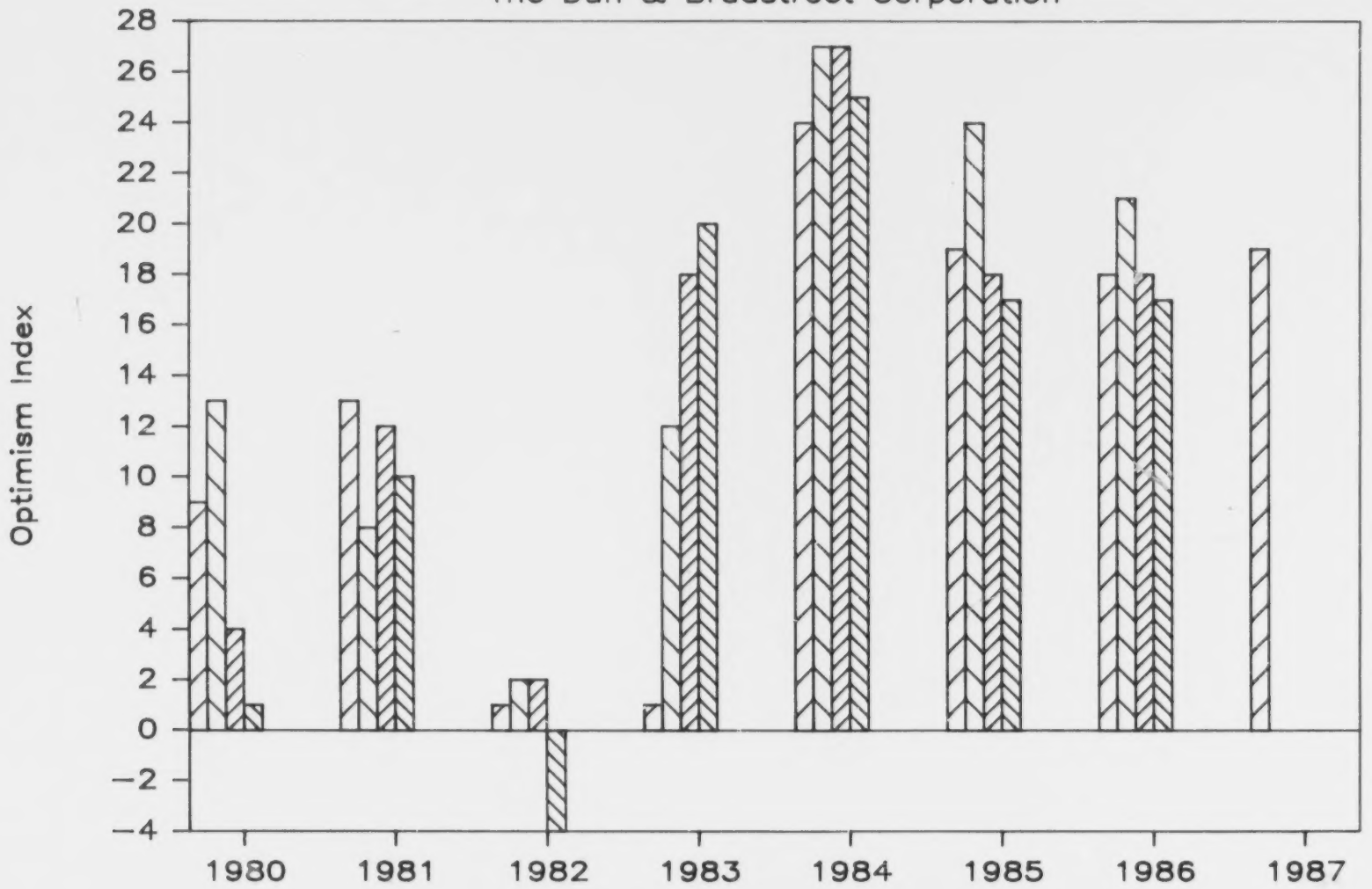
The Dun & Bradstreet Corporation




Source: Economic Analysis Department

# Business Expectations — Employment

The Dun & Bradstreet Corporation

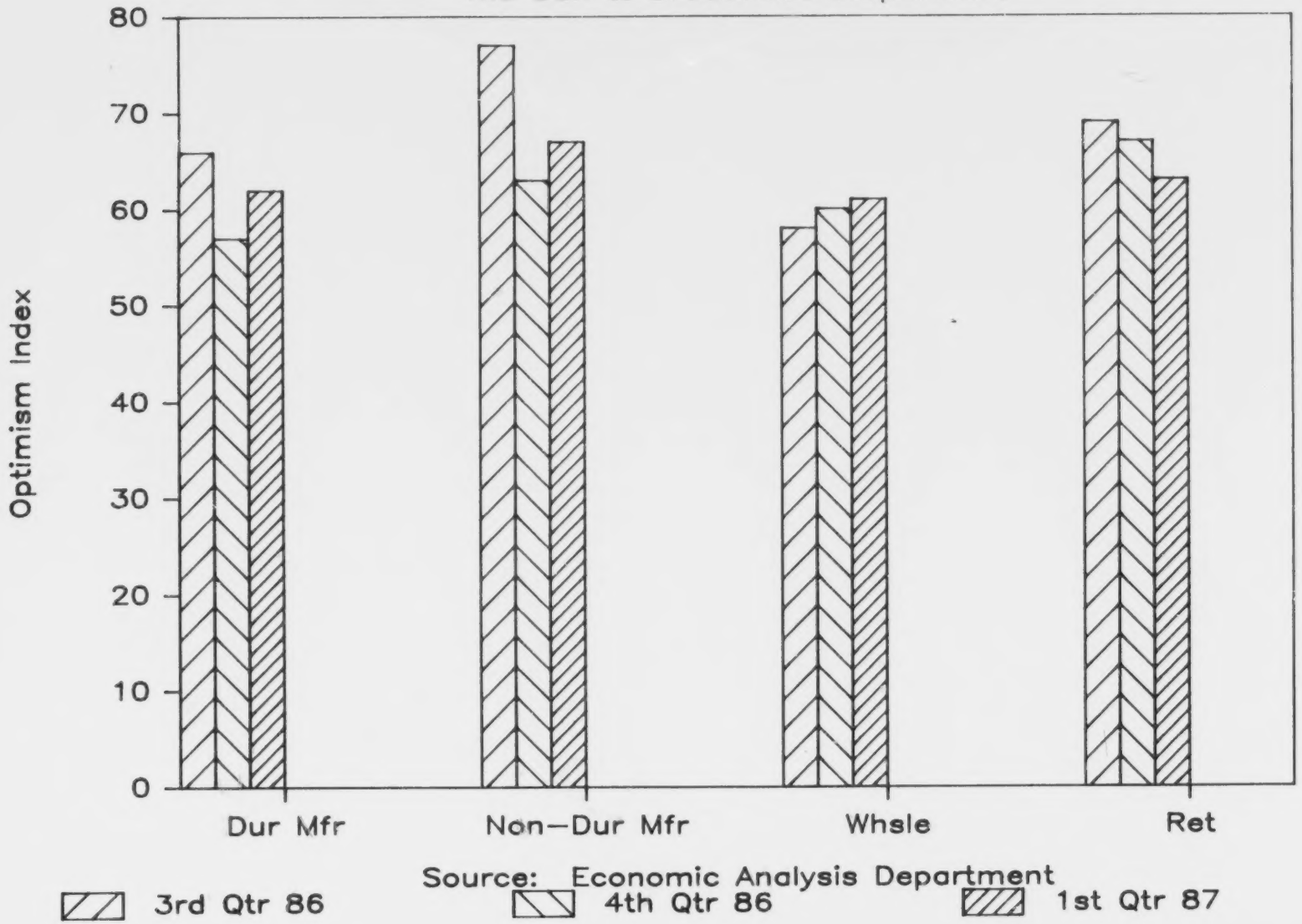



Source: Economic Analysis Department

1st Qtr. 2nd Qtr. 3rd Qtr. 4th Qtr.

# D&B — SALES OPTIMISM INDEX

The Dun & Bradstreet Corporation




January 6, 1987
(0001)

The Dun & Bradstreet Corporation

# The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department

Business Expectations
Vol. 28, No. 2
2nd Quarter 1987

## News

Contact: Reid H. Gearhart, (212) 593-6727 For Immediate Release

BUSINESS OPTIMISM FOR SECOND QUARTER RISES SIGNIFICANTLY

FOLLOWING TWO QUARTERS OF MORE MODEST EXPECTATIONS

Outlook for Higher Profits Is Up as Businesses
Benefit from Tax Reform and Weaker Dollar

NEW YORK, March 17--Business expectations for higher profits and sales in the second quarter have rebounded to the high levels recorded in mid-1986 and 1985, according to the latest nationwide survey of more than 1,400 business executives conducted by The Dun & Bradstreet Corporation.

"The positive aspects of tax reform are favorably affecting expectations for increased profits, particularly among small businesses," said Joseph W. Duncan, corporate economist and chief statistician for The Dun & Bradstreet Corporation. "In addition, the decline in the dollar over the last two years is finally having an impact on the order books of U.S. manufacturing companies, reflecting our increased competitiveness in both domestic and overseas markets."

In its quarterly survey, Dun & Bradstreet asked executives if they expect an increase, a decrease or no change in second quarter sales, profits, prices, employment, inventories and new orders.

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Sales

Expectations for higher sales in the second quarter increased in every industry sector. Overall, 72 percent of those surveyed said they expect higher sales in the second quarter this year, up from 69 percent in the first quarter. Non-durable manufacturers posted the largest increase in optimism, with 75 percent forecasting higher sales in the second quarter compared with 71 percent in the first quarter. The percentages of wholesalers, retailers and durable manufacturers expecting higher sales increased by 2 to 3 percentage points.

"Consumer purchasing patterns remain strong," said Duncan. "As a result of tax reform, most people saw a little boost in their take home pay this year. Obviously, while the impact on an individual's weekly wages is relatively small, the cumulative effect is nevertheless significant in terms of total consumer activity."

Profits

The overall outlook for higher profits in the second quarter also increased, with 67 percent of the firms surveyed predicting an increase compared with 63 percent in the first quarter. Non-durable manufacturers showed the strongest gain in optimism, with 69 percent expecting higher margins in the second quarter compared with 61 percent in the first quarter. Wholesalers also reported a significant increase in profits optimism, up six percentage points to 66 percent. The outlook for higher profits also was up among retailers and durable manufacturers.

"Now that U.S. firms are adjusting to tax reform, it is clear that the overall impact on profits is positive," said Duncan.

-MORE-

Prices

While expectations for increased profits and sales rose in the second quarter, so did expectations for higher prices. Overall, 36 percent of those surveyed forecast price increases in the second quarter, up from 29 percent in the first quarter and the highest level since the third quarter of 1985. The percentages of both non-durable and durable manufacturers and wholesalers expecting to increase prices showed gains ranging from 8 to 11 percentage points, compared with the first quarter. In contrast, the percentage of retailers planning price hikes remained at 33 percent.

The increase in expectations for price mark ups in the second quarter represented a substantial change from the recent pattern, but Duncan downplayed its significance.

"We will probably see a modest increase in inflation this year over the very low levels that have characterized this economic expansion," said Duncan. "While the latest D&B expectations survey shows a sharp gain in the percentage of businesses planning price increases, the actual increase in the level of prices will be relatively small."

Inventories

The overall percentage of firms planning to increase inventories in the second quarter rose slightly to 36 percent from 35 percent in the first quarter. The results indicate that, despite expectations for higher sales, business executives remain cautious about pumping up their inventories. The largest increases in expectations for higher inventories were among non-durable manufacturers and retailers. In contrast, 34 percent of durable manufacturers indicated they plan to increase their inventories, down from 38 percent in the first quarter.

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Employment

The percentage of firms planning to add workers in the second quarter remained unchanged at 26 percent compared with the first quarter. On an industry basis, the percentage of those expecting to increase employment in the second quarter rose to 26 percent from 24 percent among durable manufacturers. In contrast, 19 percent of the retailers surveyed said they planned to hire new workers, compared with 21 percent in the first quarter.

While Dun & Bradstreet's expectations survey provides insight into the outlook for employment in the upcoming quarter, D&B's recently released (March 12, 1987) Dun's 5,000 survey annually provides an actual forecast of new job creation. The 1987 Dun's 5,000 employment survey indicates that 2.6 million new jobs will be created in 1987, which would approximately equal the number of jobs created last year. Nearly 4 million jobs were created in 1983--the first year of the current economic recovery--followed by 3 million in 1984 and about 2 million in 1985.

New Orders

The overall level of manufacturers expecting new orders rose to 70 percent from 67 percent in the first quarter. The increase was driven entirely by durable manufacturers, with 72 percent forecasting a gain in new orders in the second quarter compared with 67 percent in the first quarter. The percentage of non-durable manufacturers anticipating an increase in new orders remained at 69 percent.

Further insights may be obtained by examining Dun & Bradstreet's optimism indices for sales, profits and employment, which weigh respondents forecasting increases against those forecasting decreases.

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The accompanying charts illustrate Dun & Bradstreet's quarterly optimism indices for sales, profits and employment for the period 1980 through the second quarter of 1987. (The indices are calculated by subtracting the percentage of respondents expecting decreases from the percentage expecting increases. Those forecasting "no change" have no influence on the indices.) The current indices for sales and profits reflect the rebound in optimism to mid-1986 levels. The optimism index for employment dropped slightly in the current survey, but remains well within the range of the average level for the most recent eight quarters.

The Dun & Bradstreet Corporation is the world's largest marketer of business information and services, with worldwide revenue of $3.1 billion in 1986.

(See Attached Tables)

SURVEY OF BUSINESS EXPECTATIONS

Conducted by The Dun & Bradstreet Corporation

WHAT BUSINESS EXECUTIVES EXPECT FOR THE
SECOND QUARTER OF 1987 COMPARED WITH THE SECOND QUARTER OF 1986

(Interview Period: February 9 to 23, 1987)

| | | All Firms | All Manufacturers | Manufacturers Durables | Manufacturers Non-Durables | Wholesalers | Retailers |
|---|---|---|---|---|---|---|---|
| Net Sales | Number Reporting: | 1,446 | 615 | 420 | 195 | 535 | 296 |
| | % Expecting -- Increase | 72% | 73% | 72% | 75% | 70% | 72% |
| | % Expecting -- No Change | 22% | 22% | 23% | 20% | 23% | 20% |
| | % Expecting -- Decrease | 6% | 5% | 5% | 5% | 7% | 8% |
| Net Profits | Number Reporting: | 1,401 | 595 | 408 | 187 | 522 | 284 |
| | % Expecting -- Increase | 67% | 68% | 67% | 69% | 66% | 66% |
| | % Expecting -- No Change | 28% | 27% | 28% | 26% | 28% | 30% |
| | % Expecting -- Decrease | 5% | 5% | 5% | 5% | 6% | 4% |
| Selling Prices | Number Reporting: | 1,413 | 602 | 414 | 188 | 521 | 290 |
| | % Expecting -- Increase | 36% | 35% | 32% | 41% | 39% | 33% |
| | % Expecting -- No Change | 60% | 61% | 64% | 54% | 57% | 63% |
| | % Expecting -- Decrease | 4% | 4% | 4% | 5% | 4% | 4% |
| Inventories* | Number Reporting: | 1,427 | 604 | 415 | 189 | 530 | 293 |
| | % Expecting -- Increase | 36% | 37% | 34% | 40% | 35% | 39% |
| | % Expecting -- No Change | 49% | 50% | 52% | 48% | 49% | 47% |
| | % Expecting -- Decrease | 15% | 13% | 14% | 12% | 16% | 14% |
| Employees* | Number Reporting: | 1,441 | 615 | 422 | 193 | 534 | 292 |
| | % Expecting -- Increase | 26% | 30% | 33% | 26% | 25% | 19% |
| | % Expecting -- No Change | 66% | 64% | 60% | 69% | 66% | 72% |
| | % Expecting -- Decrease | 8% | 6% | 7% | 5% | 9% | 9% |
| New Orders | Number Reporting: | | 595 | 415 | 180 | | |
| | % Expecting -- Increase | | 70% | 72% | 69% | | |
| | % Expecting -- No Change | | 26% | 25% | 26% | | |
| | % Expecting -- Decrease | | 4% | 3% | 5% | | |

* End of Quarter

Source: The Dun & Bradstreet Corporation
Economic Analysis Department

THE DUN & BRADSTREET CORPORATION - Economic Analysis Department

BUSINESS EXPECTATIONS - ALL CONCERNS

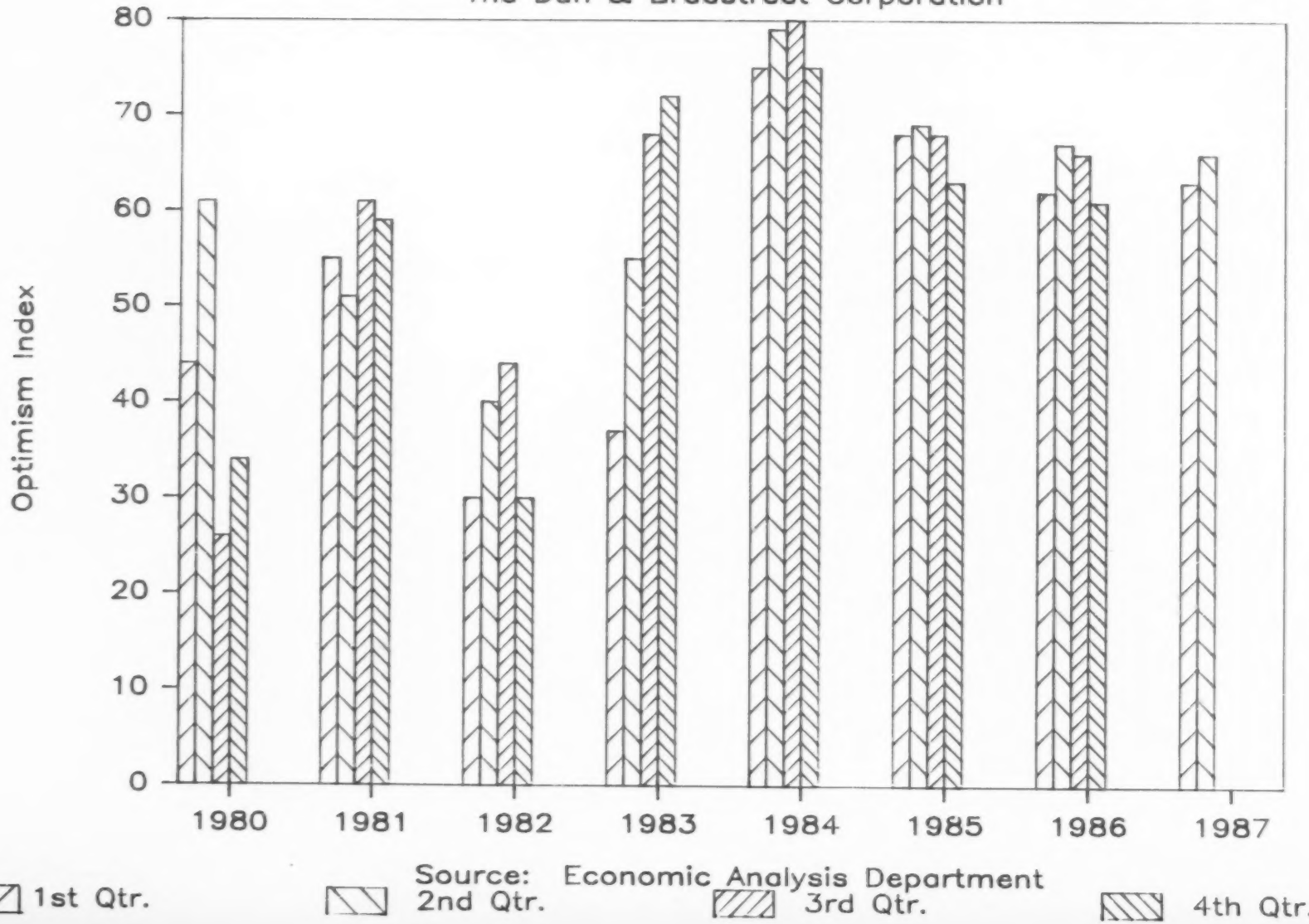
Optimism Index - 1980Q1 to 1987Q2

| | SALES | PROFITS | PRICES | INVENTORIES | EMPLOYEES |
|---|---|---|---|---|---|
| 87Q2 | 66 | 62 | 32 | 21 | 18 |
| 87Q1 | 63 | 56 | 24 | 19 | 19 |
| 86Q4 | 61 | 57 | 22 | 14 | 17 |
| 86Q3 | 66 | 62 | 26 | 20 | 18 |
| 86Q2 | 67 | 62 | 29 | 17 | 21 |
| 86Q1 | 62 | 55 | 26 | 16 | 18 |
| 85Q4 | 63 | 54 | 25 | 17 | 17 |
| 85Q3 | 68 | 62 | 32 | 23 | 18 |
| 85Q2 | 69 | 62 | 37 | 31 | 24 |
| 85Q1 | 68 | 61 | 36 | 27 | 19 |
| 84Q4 | 75 | 68 | 41 | 32 | 25 |
| 84Q3 | 80 | 75 | 50 | 40 | 27 |
| 84Q2 | 79 | 73 | 50 | 41 | 27 |
| 84Q1 | 75 | 67 | 43 | 33 | 24 |
| 83Q4 | 72 | 62 | 40 | 28 | 20 |
| 83Q3 | 68 | 59 | 39 | 24 | 18 |
| 83Q2 | 55 | 46 | 32 | 16 | 12 |
| 83Q1 | 37 | 29 | 33 | 5 | 1 |
| 82Q4 | 30 | 20 | 37 | 0 | -4 |
| 82Q3 | 44 | 32 | 28 | 11 | 2 |
| 82Q2 | 40 | 31 | 55 | 13 | 2 |
| 82Q1 | 30 | 22 | 61 | 8 | 1 |
| 81Q4 | 59 | 44 | 70 | 27 | 10 |
| 81Q3 | 61 | 47 | 79 | 31 | 12 |
| 81Q2 | 51 | 38 | 78 | 22 | 8 |
| 81Q1 | 55 | 40 | 78 | 26 | 13 |
| 80Q4 | 34 | 22 | 74 | 11 | 1 |
| 80Q3 | 26 | 18 | 69 | 6 | 4 |
| 80Q2 | 61 | 46 | 82 | 39 | 13 |
| 80Q1 | 44 | 32 | 77 | 23 | 9 |

Source: The Dun & Bradstreet Corporation
Economic Analysis Deparment

# Business Expectations — Sales

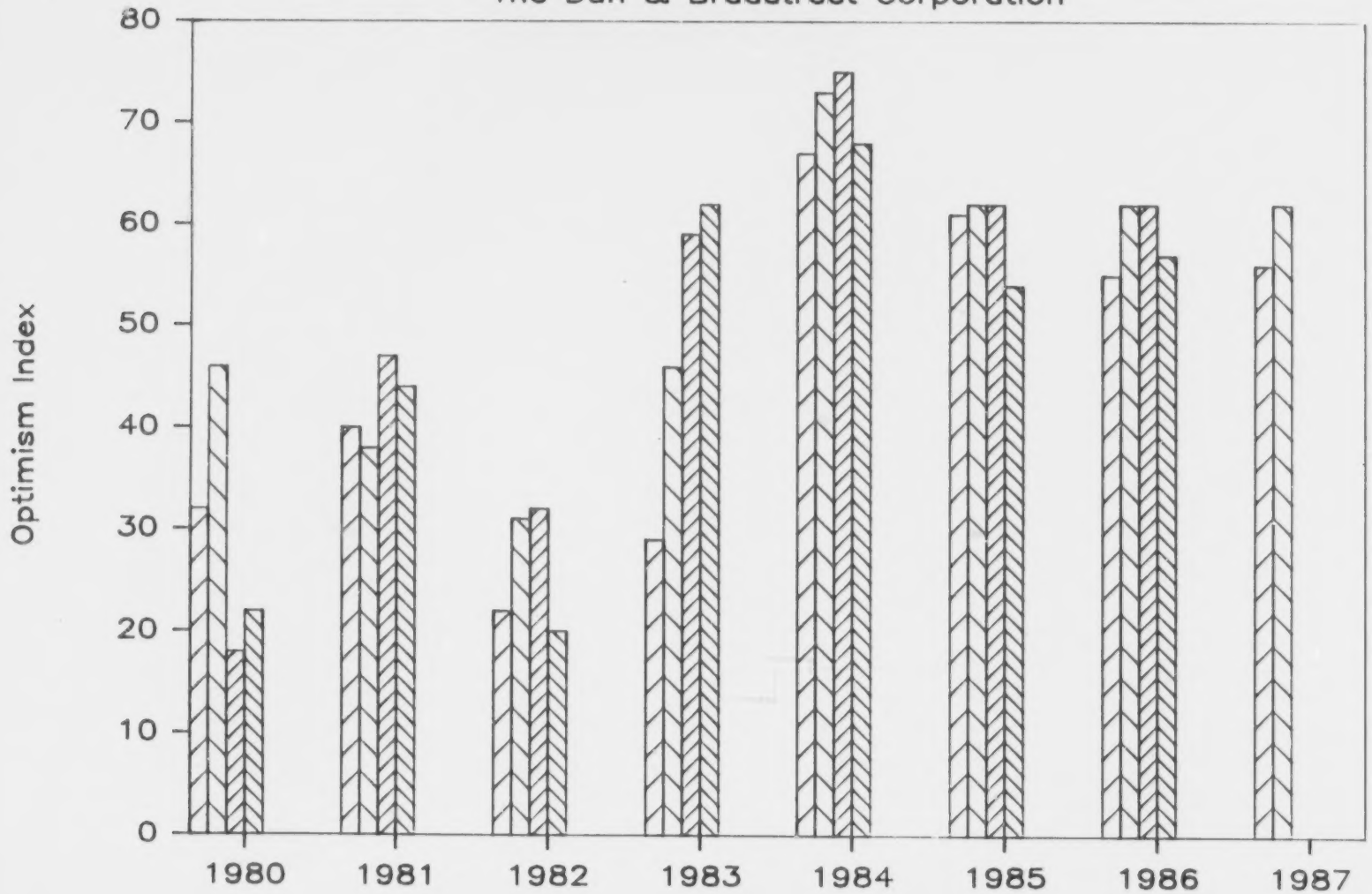
The Dun & Bradstreet Corporation




Source: Economic Analysis Department

# Business Expectations — Profits

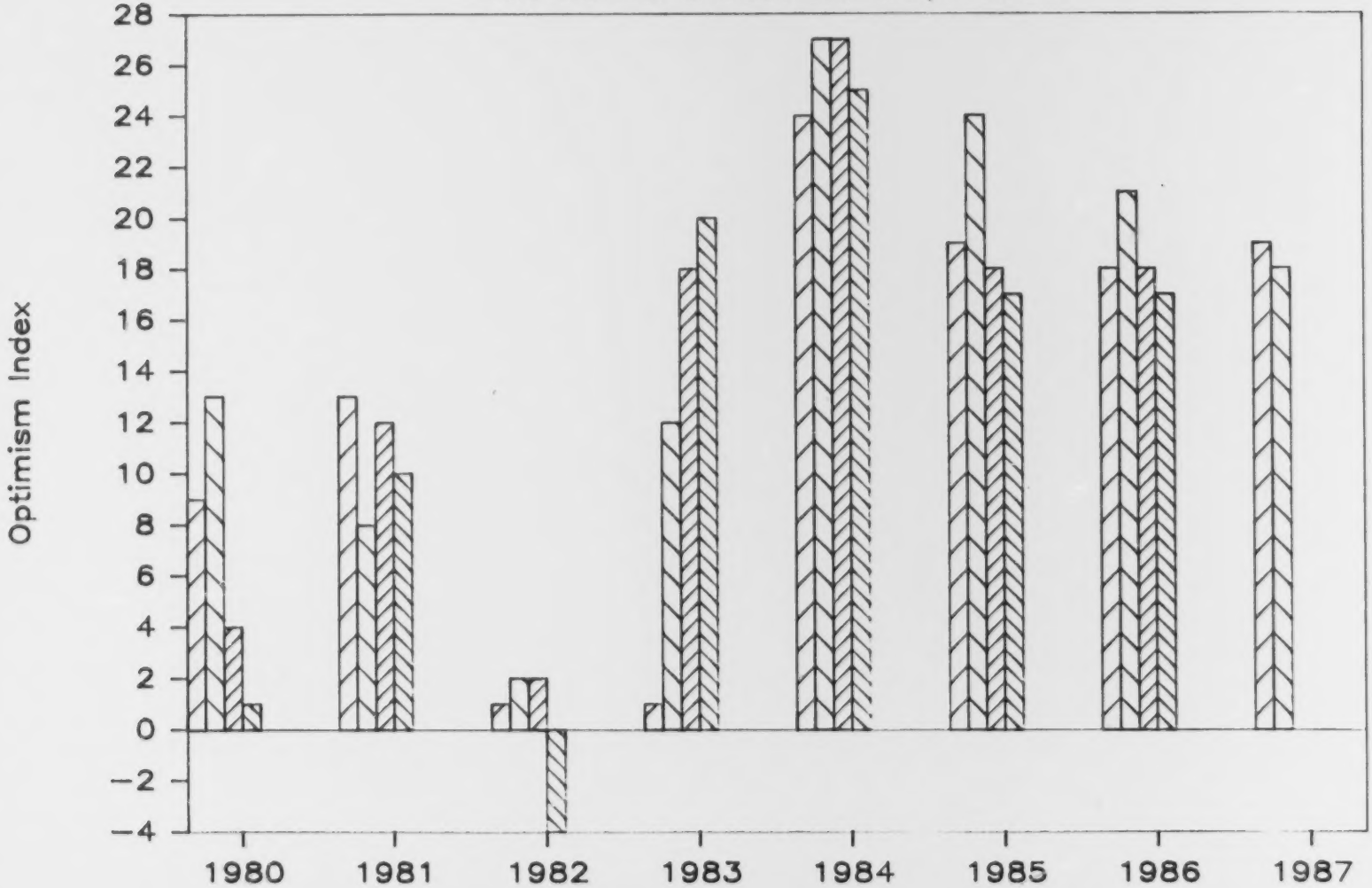
The Dun & Bradstreet Corporation




Source: Economic Analysis Department

# Business Expectations — Employment

The Dun & Bradstreet Corporation

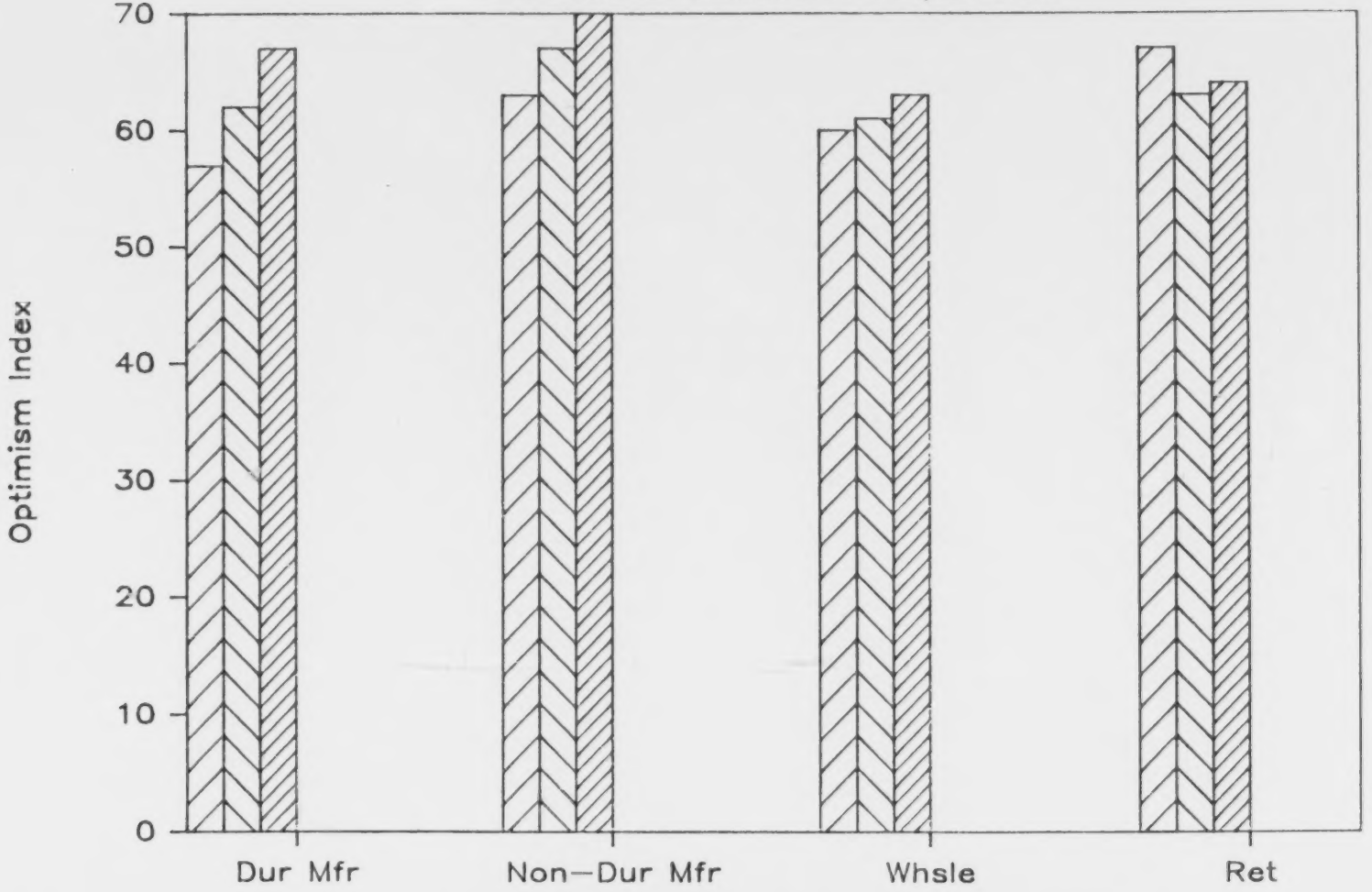



Source: Economic Analysis Department

1st Qtr. 2nd Qtr. 3rd Qtr. 4th Qtr.

# D&B — SALES OPTIMISM INDEX

The Dun & Bradstreet Corporation




Source: Economic Analysis Department

4th Qtr 86 1st Qtr 87 2nd Qtr 87

March 17, 1987
(0496)

The Dun & Bradstreet Corporation

# The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department

## News

Business Expectations
Vol. 28, No. 3
3rd Quarter 1987

Contact: Reid H. Gearhart
(212) 593-6727

For Immediate Release

### BUSINESS OPTIMISM FOR THIRD QUARTER REACHES HIGHEST LEVEL IN THREE YEARS

Third Significant Increase In A Row Is Attributed To Increase In Export Orders And Reduced Import Competition

NEW YORK, June 11--Business expectations for sales and profits in the third quarter of 1987 are at the highest level since the end of 1984, according to the latest Dun & Bradstreet Corporation survey of more than 1,400 business executives.

"Business expectations have been improving steadily since the fourth quarter of last year," said Joseph W. Duncan, corporate economist and chief statistician for The Dun & Bradstreet Corporation. "The cumulative effect is a strong and statistically significant improvement in the business outlook," he said.

-more-

"The improving trade picture is the most important factor behind the increase in optimism for higher sales and profits, particularly among manufacturers," said Duncan. "Orders for U.S. exports are rising and we are becoming more competitive against foreign imports in our domestic markets."

In its quarterly survey, Dun & Bradstreet asked executives if they expected an increase, a decrease or no change in the third-quarter sales, profits, prices, inventories, employment and new orders.

Sales

Expectations for higher sales in the third quarter increased in every industry sector. Overall, 75 percent of those surveyed said they expect higher sales in the third quarter, up from 72 percent in the second quarter. The largest increase in sales optimism came among the manufacturers of non-durable goods, with 82 percent of those surveyed expecting higher sales in the coming quarter, up from 75 percent in the second quarter. Optimism among retailers and manufacturers of all types rose 5 and 4 percentage points, respectively.

Profits

The overall outlook for higher profits in the third quarter also increased, with 71 percent of the firms surveyed predicting an increase compared with 67 percent in the second quarter.

Again, non-durable goods manufacturers showed the strongest gain in optimism, with 75 percent expecting higher margins in the third quarter compared with 69 percent in the second quarter.

"The increase in optimism for profits is in part attributable to the widespread efforts to cut costs and reduce overhead," said Duncan.

Prices

Expectations for higher prices in the third quarter increased slightly. Among those surveyed, 37 percent called for higher prices in the coming quarter compared with 36 percent in the second quarter. The largest increase in expectations for higher prices occurred among retailers, with 38 percent predicting price rises in the third quarter compared with 33 percent in the second quarter.

"Inflationary pressures are clearly increasing, but the percentage of business executives forecasting price hikes remains far below the levels reported in the first three years of this decade," said Duncan. "Moreover, the price increases that are made probably will be relatively small."

Inventories

The overall percentage of firms planning to increase inventories in the third quarter was unchanged at 36 percent compared with the second quarter. Among manufacturers and

wholesalers, the number of businesses expecting increases in the third quarter dropped by one percentage point.

"While expectations for higher sales are up, businesses continue to exercise restraint with respect to building their inventories," said Duncan.

Employment

The percentage of firms planning to add workers in the third quarter increased from 26 percent to 30 percent. Non-durable goods manufacturers and retailers showed the largest gains, up 6 percentage points.

"The growing optimism about employment confirms Dun & Bradstreet's earlier Dun's 5,000 survey which called for 2.6 million new jobs to be added to the economy in 1987," said Duncan.

New Orders

The overall level of manufacturers expecting new orders rose to 73 percent from 70 percent in the second quarter. The increase was entirely driven by non-durable manufacturers, with 73 percent predicting a gain in new orders compared with 69 percent in the previous quarter.

Further insights may be obtained by examining Dun & Bradstreet's optimism indices for sales, profits and employment, which weigh the number of respondents forecasting increases

against the number forecasting decreases. The accompanying charts illustrate Dun & Bradstreet's quarterly optimism indices for sales, profits and employment for the period 1980 through the third quarter of 1987.

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(See Attached Tables)

SURVEY OF BUSINESS EXPECTATIONS
Conducted by The Dun & Bradstreet Corporation

WHAT BUSINESS EXECUTIVES EXPECT FOR THE
THIRD QUARTER OF 1987 COMPARED WITH THE THIRD QUARTER OF 1986

(Interview Period: May 13 to 27, 1987)

| | | All Firms | All Manufacturers | Durables | Non-Durables | Wholesalers | Retailers |
|---|---|---|---|---|---|---|---|
| Net Sales | Number Reporting: | 1,408 | 614 | 399 | 215 | 462 | 332 |
| | % Expecting -- Increase | 75% | 77% | 74% | 82% | 72% | 77% |
| | % Expecting -- No Change | 20% | 19% | 21% | 16% | 24% | 17% |
| | % Expecting -- Decrease | 5% | 4% | 5% | 2% | 4% | 6% |
| Net Profits | Number Reporting: | 1,366 | 584 | 380 | 204 | 453 | 329 |
| | % Expecting -- Increase | 71% | 73% | 72% | 75% | 69% | 70% |
| | % Expecting -- No Change | 24% | 23% | 23% | 23% | 25% | 25% |
| | % Expecting -- Decrease | 5% | 4% | 5% | 2% | 6% | 5% |
| Selling Prices | Number Reporting: | 1,378 | 600 | 392 | 208 | 452 | 326 |
| | % Expecting -- Increase | 37% | 37% | 35% | 40% | 36% | 38% |
| | % Expecting -- No Change | 60% | 60% | 61% | 57% | 61% | 59% |
| | % Expecting -- Decrease | 3% | 3% | 4% | 3% | 3% | 3% |
| Inventories* | Number Reporting: | 1,386 | 605 | 396 | 209 | 450 | 331 |
| | % Expecting -- Increase | 36% | 36% | 34% | 39% | 34% | 39% |
| | % Expecting -- No Change | 50% | 51% | 52% | 49% | 53% | 45% |
| | % Expecting -- Decrease | 14% | 13% | 14% | 12% | 13% | 16% |
| Employees* | Number Reporting: | 1,402 | 610 | 398 | 212 | 459 | 333 |
| | % Expecting -- Increase | 30% | 35% | 37% | 32% | 26% | 25% |
| | % Expecting -- No Change | 64% | 58% | 56% | 61% | 68% | 68% |
| | % Expecting -- Decrease | 6% | 7% | 7% | 7% | 6% | 7% |
| New Orders | Number Reporting: | | 576 | 376 | 200 | | |
| | % Expecting -- Increase | | 73% | 72% | 73% | | |
| | % Expecting -- No Change | | 24% | 24% | 25% | | |
| | % Expecting -- Decrease | | 3% | 4% | 2% | | |

* End of Quarter

Source: The Dun & Bradstreet Corporation
Economic Analysis Department

THE DUN & BRADSTREET CORPORATION - Economic Analysis Department

BUSINESS EXPECTATIONS - ALL CONCERNS

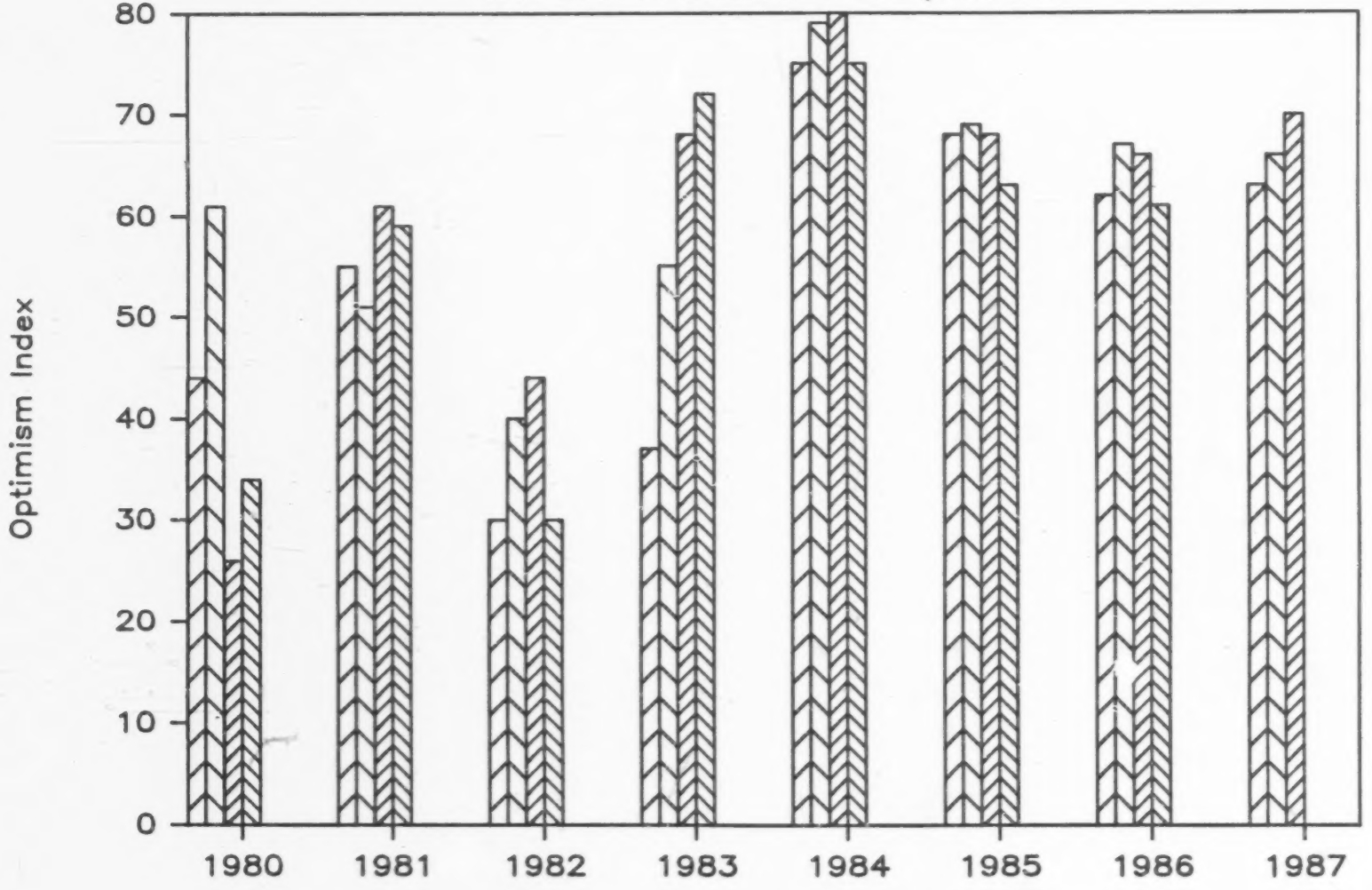
Optimism Index - 1980Q1 to 1987Q3

| | SALES | PROFITS | PRICES | INVENTORIES | EMPLOYEES | COMPOSITE INDEX |
|---|---|---|---|---|---|---|
| 87Q3 | 70 | 66 | 34 | 22 | 24 | 43 |
| 87Q2 | 66 | 62 | 32 | 21 | 18 | 40 |
| 87Q1 | 63 | 56 | 24 | 19 | 19 | 36 |
| 86Q4 | 61 | 57 | 22 | 14 | 17 | 34 |
| 86Q3 | 66 | 62 | 26 | 20 | 18 | 38 |
| 86Q2 | 67 | 62 | 29 | 17 | 21 | 39 |
| 86Q1 | 62 | 55 | 26 | 16 | 18 | 35 |
| 85Q4 | 63 | 54 | 25 | 17 | 17 | 35 |
| 85Q3 | 68 | 62 | 32 | 23 | 18 | 41 |
| 85Q2 | 69 | 62 | 37 | 31 | 24 | 45 |
| 85Q1 | 68 | 61 | 36 | 27 | 19 | 42 |
| 84Q4 | 75 | 68 | 41 | 32 | 25 | 48 |
| 84Q3 | 80 | 75 | 50 | 40 | 27 | 54 |
| 84Q2 | 79 | 73 | 50 | 41 | 27 | 54 |
| 84Q1 | 75 | 67 | 43 | 33 | 24 | 48 |
| 83Q4 | 72 | 62 | 40 | 28 | 20 | 44 |
| 83Q3 | 68 | 59 | 39 | 24 | 18 | 42 |
| 83Q2 | 55 | 46 | 32 | 16 | 12 | 32 |
| 83Q1 | 37 | 29 | 33 | 5 | 1 | 21 |
| 82Q4 | 30 | 20 | 37 | 0 | -4 | 17 |
| 82Q3 | 44 | 32 | 28 | 11 | 2 | 23 |
| 82Q2 | 40 | 31 | 55 | 13 | 2 | 28 |
| 82Q1 | 30 | 22 | 61 | 8 | 1 | 24 |
| 81Q4 | 59 | 44 | 70 | 27 | 10 | 42 |
| 81Q3 | 61 | 47 | 79 | 31 | 12 | 46 |
| 81Q2 | 51 | 38 | 78 | 22 | 8 | 39 |
| 81Q1 | 55 | 40 | 78 | 26 | 13 | 42 |
| 80Q4 | 34 | 22 | 74 | 11 | 1 | 28 |
| 80Q3 | 26 | 18 | 69 | 6 | 4 | 25 |
| 80Q2 | 61 | 46 | 82 | 39 | 13 | 48 |
| 80Q1 | 44 | 32 | 77 | 23 | 9 | 37 |

Source: The Dun & Bradstreet Corporation
Economic Analysis Deparment

# Business Expectations — Sales

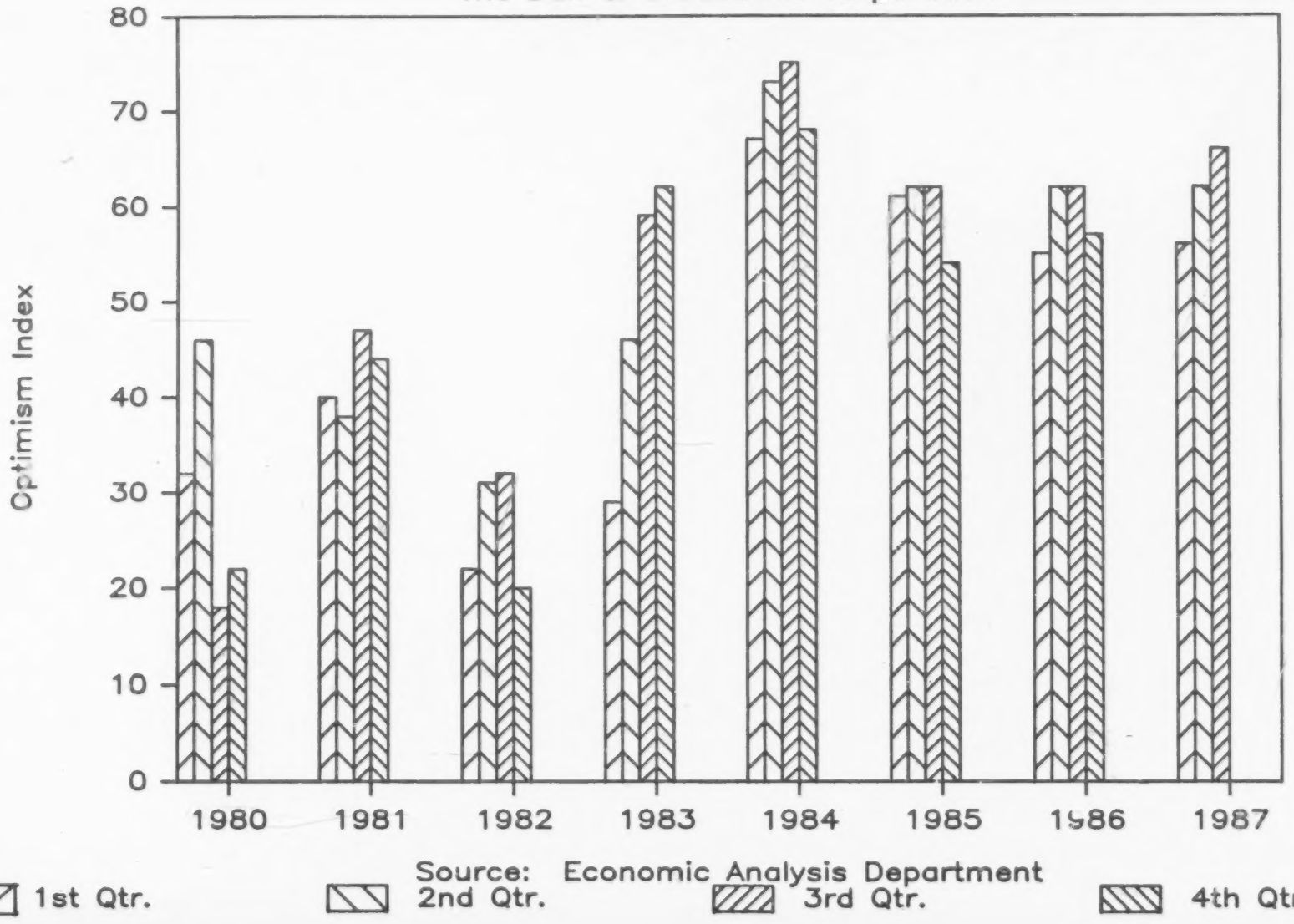
The Dun & Bradstreet Corporation




Source: Economic Analysis Department

# Business Expectations — Profits

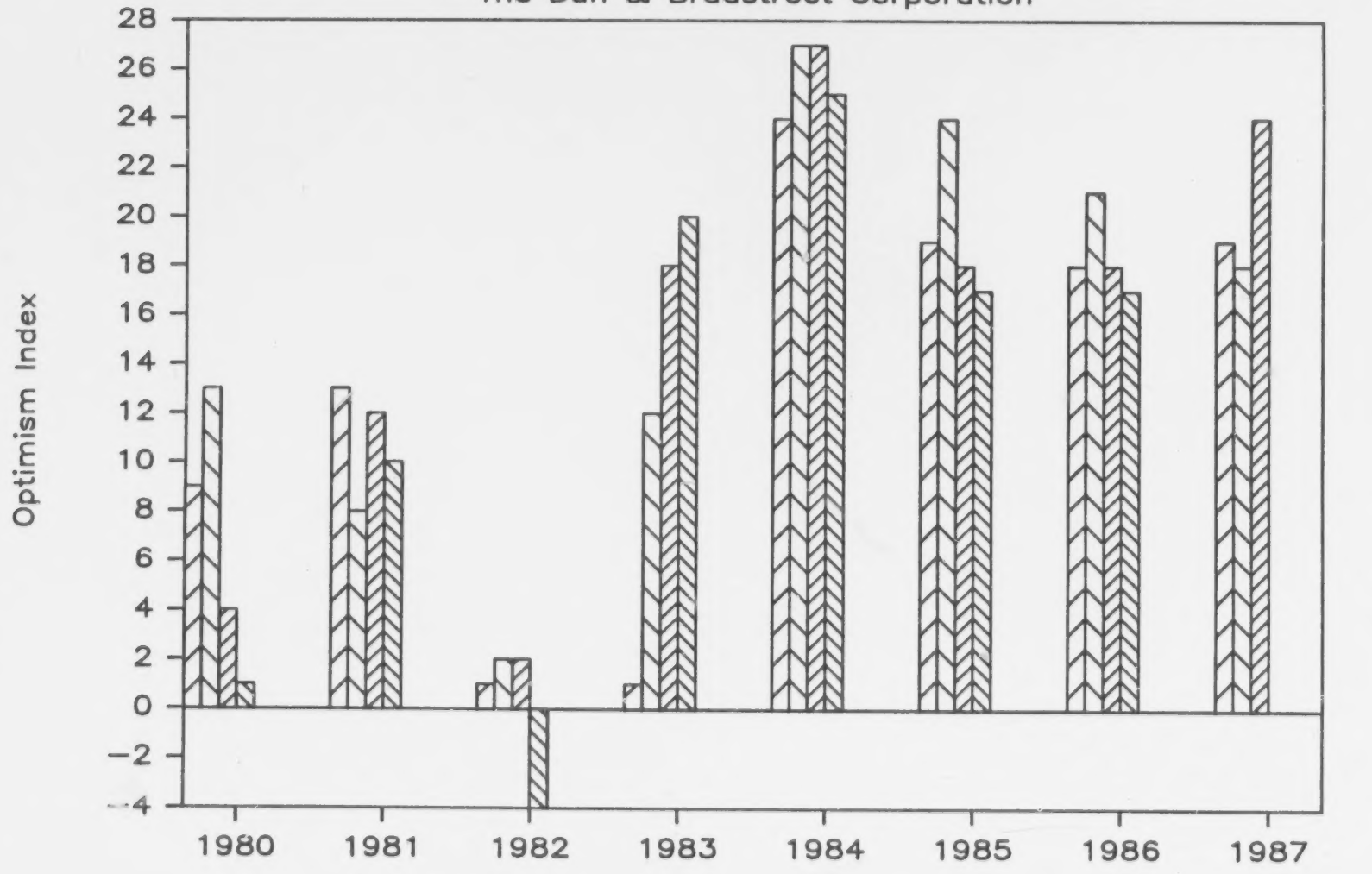
The Dun & Bradstreet Corporation




Source: Economic Analysis Department

# Business Expectations — Employment

The Dun & Bradstreet Corporation

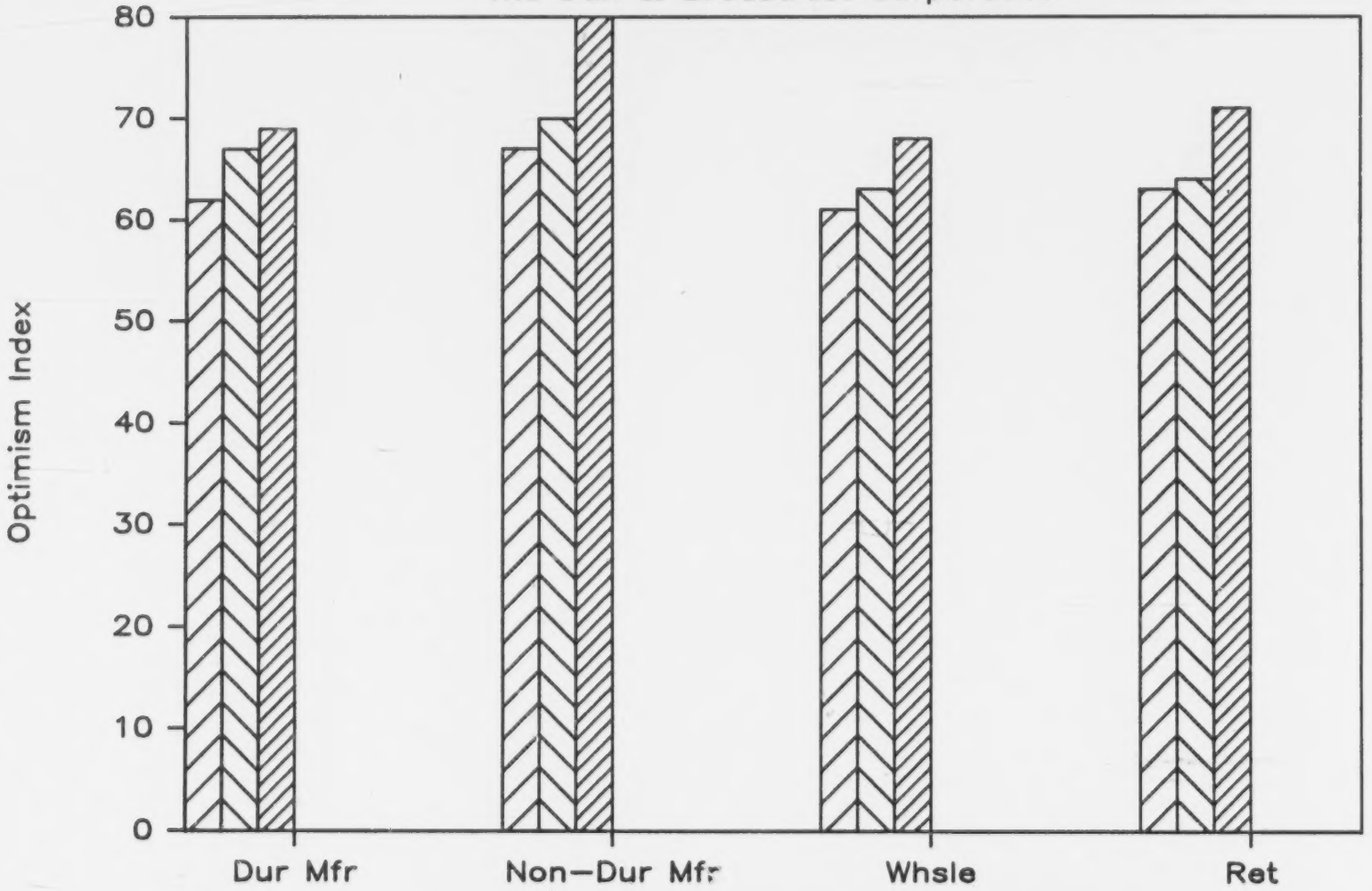



Source: Economic Analysis Department

1st Qtr. 2nd Qtr. 3rd Qtr. 4th Qtr.

# D&B — SALES OPTIMISM INDEX

The Dun & Bradstreet Corporation




Source: Economic Analysis Department

June 10, 1987 (1237)

The Dun & Bradstreet Corporation

# The Dun & Bradstreet Business Expectations Survey

Prepared by the Economic Analysis Department

## News

Business Expectations
Vol. 28, No. 4
4th Quarter 1987

For Immediate Release

Contact: Reid H. Gearhart, (212) 593-6727

### SALES EXPECTATIONS FOR FOURTH QUARTER REACH HIGHEST LEVEL IN THREE YEARS

### Increased Expectations Underscore Effect Of Weaker Dollar On Both Foreign And Domestic Markets

NEW YORK, Sept. 18--Business expectations for sales in the fourth quarter of 1987 are now at their highest level in the past three years, according to the latest Dun & Bradstreet Corporation survey of more than 1,400 U.S. business executives.

"This marks the fourth quarter in a row that there has been improvement in business expectations for sales," said Joseph W. Duncan, corporate economist and chief statistician for The Dun & Bradstreet Corporation. "Such sustained improvement goes hand in hand with an earlier Dun's 5,000 survey which showed the weaker dollar has improved the export picture as well as strengthened domestic markets."

Duncan also noted that the gap between expectations and actual performance, which had been at all-time high in the late 1960s, has begun closing. "With actual performance becoming more in line with

expectations, we can look toward expectations remaining strong," he said.

In its quarterly survey, Dun & Bradstreet asked executives if they expected an increase, a decrease or no change in the fourth-quarter sales, profits, prices, inventories, employment and new orders.

Sales

The largest increase in expectations occurred in the sales category. Overall, 78 percent of those surveyed expected higher sales in the fourth quarter, up from 75 percent in the third quarter. Wholesalers reported the largest increase in sales expectations, up to 79 percent from 72 percent in the previous quarter; followed by manufacturers of durable goods, up to 78 percent from 74 percent in the previous quarter. The only declines in sales expectations came from non-durable goods manufacturers and retailers, down two percent and one percent, respectively.

Profits

The outlook for higher profits in the fourth quarter decreased slightly, with 70 percent of the firms surveyed expecting an increase compared with 71 percent in the third quarter. The retail sector declined five percentage points to 65 percent from 70 percent.

"Despite expectations for healthy sales, we are likely to see some price-cutting as retailers try to increase their competitiveness during the holiday season," said Duncan.

Prices

Expectations for higher prices increased in the fourth quarter for the third quarter in the row. In this latest survey, 41 percent of the respondents indicated they expected higher prices as compared with 37 percent in the third quarter. The increase in expectations for higher prices was virtually across the board, with only manufacturers of durable goods remaining constant from the last quarter.

"While there is no denying that inflationary pressures are continuing to creep into the economy, it's important to note that the levels are well below those of the early 1980s," said Duncan.

Inventories

The overall percentage of firms planning to increase their inventory levels increased five percentage points in the fourth quarter to 41 percent from 36 percent in the third quarter. Among manufacturers and wholesalers, the number of businesses expecting increases rose by five and three percentage points, respectively. For retailers, however, the increase was more significant, up nine percentage points to 48 percent from 39 percent.

"A slight increase in inventory buildup is expected, especially as manufacturers gear up for export growth," he said.

Employment

The percentage of firms planning to add workers in the fourth quarter decreased to 29 percent from 30 percent in the third quarter. The largest decline among individual categories was recorded by wholesalers, down to 23 percent from 26 percent.

"This slight decline in the fourth-quarter employment expectations will have virtually no impact on net job formation in 1987. An earlier Dun & Bradstreet survey showed 2.6 million new jobs will be added to the economy by the end of the year," said Duncan.

New Orders

The overall level of manufacturers expecting new orders rose by four percentage points to 77 percent from 73 percent. Manufacturers of both durable and non-durable goods contributed to the increase.

Further insights may be obtained by examining Dun & Bradstreet's optimism indices for sales, profits and employment, which weigh the number of respondents forecasting increases against the number forecasting decreases. The accompanying charts illustrate Dun & Bradstreet's quarterly optimism indices for sales, profits and employment for the period 1980 through the fourth quarter of 1987.

The Dun & Bradstreet Corporation is the world's largest marketer of business information and services, with worldwide revenue of $3.1 billion in 1986.

(See Attached Tables)

SURVEY OF BUSINESS EXPECTATIONS
Conducted by The Dun & Bradstreet Corporation

WHAT BUSINESS EXECUTIVES EXPECT FOR THE
FOURTH QUARTER OF 1987 COMPARED WITH THE FOURTH QUARTER OF 1986

(Interview Period: August 12 to 26, 1987)

| | | All Firms | All Manufacturers | Durables | Non-Durables | Wholesalers | Retailers |
|---|---|---|---|---|---|---|---|
| Net Sales | Number Reporting: | 1,402 | 606 | 400 | 206 | 461 | 335 |
| | % Expecting -- Increase | 78% | 79% | 78% | 80% | 79% | 76% |
| | % Expecting -- No Change | 17% | 16% | 16% | 17% | 17% | 16% |
| | % Expecting -- Decrease | 5% | 5% | 6% | 3% | 4% | 8% |
| Net Profits | Number Reporting: | 1,364 | 591 | 389 | 202 | 449 | 324 |
| | % Expecting -- Increase | 70% | 72% | 71% | 75% | 70% | 65% |
| | % Expecting -- No Change | 24% | 21% | 21% | 20% | 25% | 28% |
| | % Expecting -- Decrease | 6% | 7% | 8% | 5% | 5% | 7% |
| Selling Prices | Number Reporting: | 1,357 | 584 | 387 | 197 | 451 | 322 |
| | % Expecting -- Increase | 41% | 38% | 35% | 43% | 42% | 44% |
| | % Expecting -- No Change | 55% | 57% | 59% | 54% | 54% | 53% |
| | % Expecting -- Decrease | 5% | 5% | 6% | 3% | 4% | 3% |
| Inventories* | Number Reporting: | 1,360 | 588 | 388 | 200 | 449 | 323 |
| | % Expecting -- Increase | 41% | 41% | 40% | 43% | 37% | 48% |
| | % Expecting -- No Change | 43% | 42% | 43% | 41% | 50% | 35% |
| | % Expecting -- Decrease | 16% | 17% | 17% | 16% | 13% | 17% |
| Employees* | Number Reporting: | 1,387 | 600 | 397 | 203 | 458 | 329 |
| | % Expecting -- Increase | 29% | 35% | 37% | 31% | 23% | 27% |
| | % Expecting -- No Change | 65% | 59% | 57% | 63% | 72% | 67% |
| | % Expecting -- Decrease | 6% | 6% | 6% | 6% | 5% | 6% |
| New Orders | Number Reporting: | | 567 | 373 | 194 | | |
| | % Expecting -- Increase | | 77% | 78% | 76% | | |
| | % Expecting -- No Change | | 19% | 17% | 23% | | |
| | % Expecting -- Decrease | | 4% | 5% | 1% | | |

* End of Quarter

Source: The Dun & Bradstreet Corporation
Economic Analysis Department

THE DUN & BRADSTREET CORPORATION - Economic Analysis Department

BUSINESS EXPECTATIONS - ALL CONCERNS

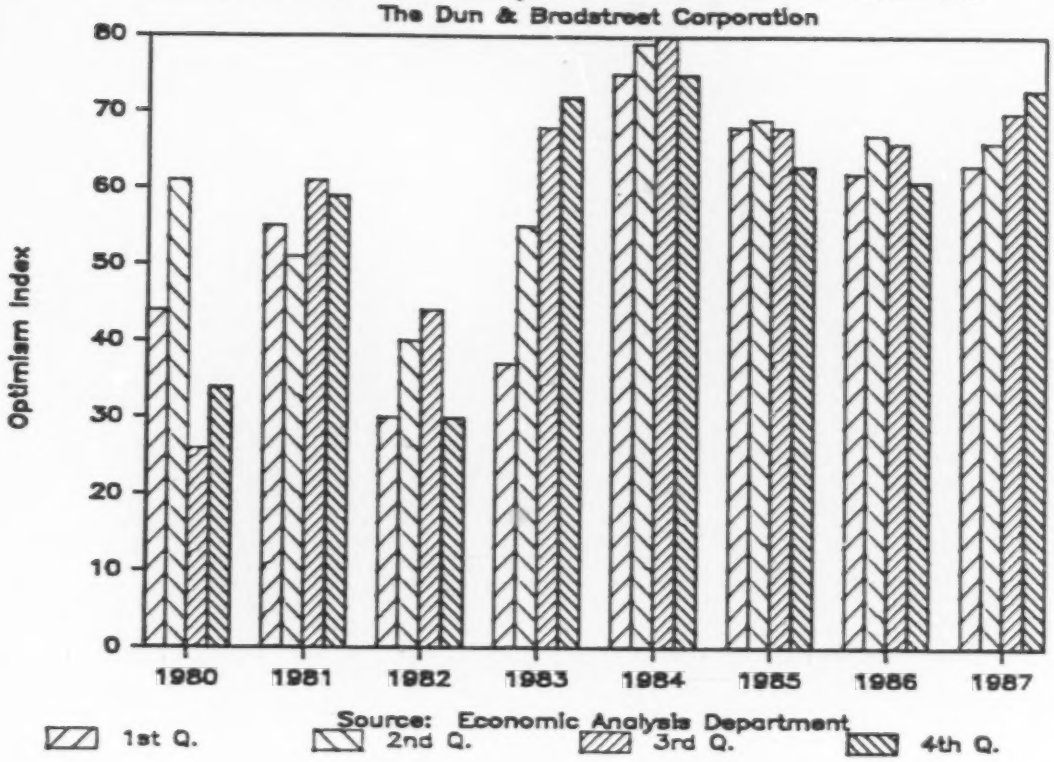
Optimism Index - 1980Q1 to 1987Q4

| | SALES | PROFITS | PRICES | INVENTORIES | EMPLOYEES |
|---|---|---|---|---|---|
| 87Q4 | 73 | 64 | 36 | 25 | 23 |
| 87Q3 | 70 | 66 | 34 | 22 | 24 |
| 87Q2 | 66 | 62 | 32 | 21 | 18 |
| 87Q1 | 63 | 56 | 24 | 19 | 19 |
| 86Q4 | 61 | 57 | 22 | 14 | 17 |
| 86Q3 | 66 | 62 | 26 | 20 | 18 |
| 86Q2 | 67 | 62 | 29 | 17 | 21 |
| 86Q1 | 62 | 55 | 26 | 16 | 18 |
| 85Q4 | 63 | 54 | 25 | 17 | 17 |
| 85Q3 | 68 | 62 | 32 | 23 | 18 |
| 85Q2 | 69 | 62 | 37 | 31 | 24 |
| 85Q1 | 68 | 61 | 36 | 27 | 19 |
| 84Q4 | 75 | 68 | 41 | 32 | 25 |
| 84Q3 | 80 | 75 | 50 | 40 | 27 |
| 84Q2 | 79 | 73 | 50 | 41 | 27 |
| 84Q1 | 75 | 67 | 43 | 33 | 24 |
| 83Q4 | 72 | 62 | 40 | 28 | 20 |
| 83Q3 | 68 | 59 | 39 | 24 | 18 |
| 83Q2 | 55 | 46 | 32 | 16 | 12 |
| 83Q1 | 37 | 29 | 33 | 5 | 1 |
| 82Q4 | 30 | 20 | 37 | 0 | -4 |
| 82Q3 | 44 | 32 | 28 | 11 | 2 |
| 82Q2 | 40 | 31 | 55 | 13 | 2 |
| 82Q1 | 30 | 22 | 61 | 8 | 1 |
| 81Q4 | 59 | 44 | 70 | 27 | 10 |
| 81Q3 | 61 | 47 | 79 | 31 | 12 |
| 81Q2 | 51 | 38 | 78 | 22 | 8 |
| 81Q1 | 55 | 40 | 78 | 26 | 13 |
| 80Q4 | 34 | 22 | 74 | 11 | 1 |
| 80Q3 | 26 | 18 | 69 | 6 | 4 |
| 80Q2 | 61 | 46 | 82 | 39 | 13 |
| 80Q1 | 44 | 32 | 77 | 23 | 9 |

Source: The Dun & Bradstreet Corporation
Economic Analysis Deparment

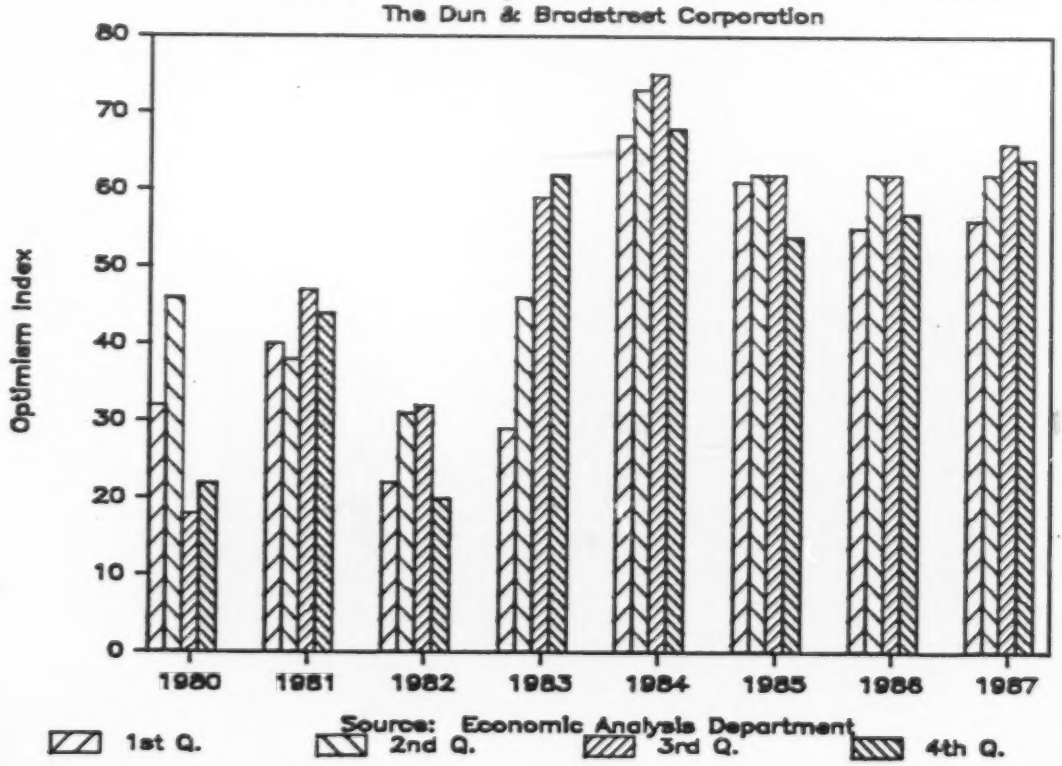
# Business Expectations — Sales

The Dun & Bradstreet Corporation



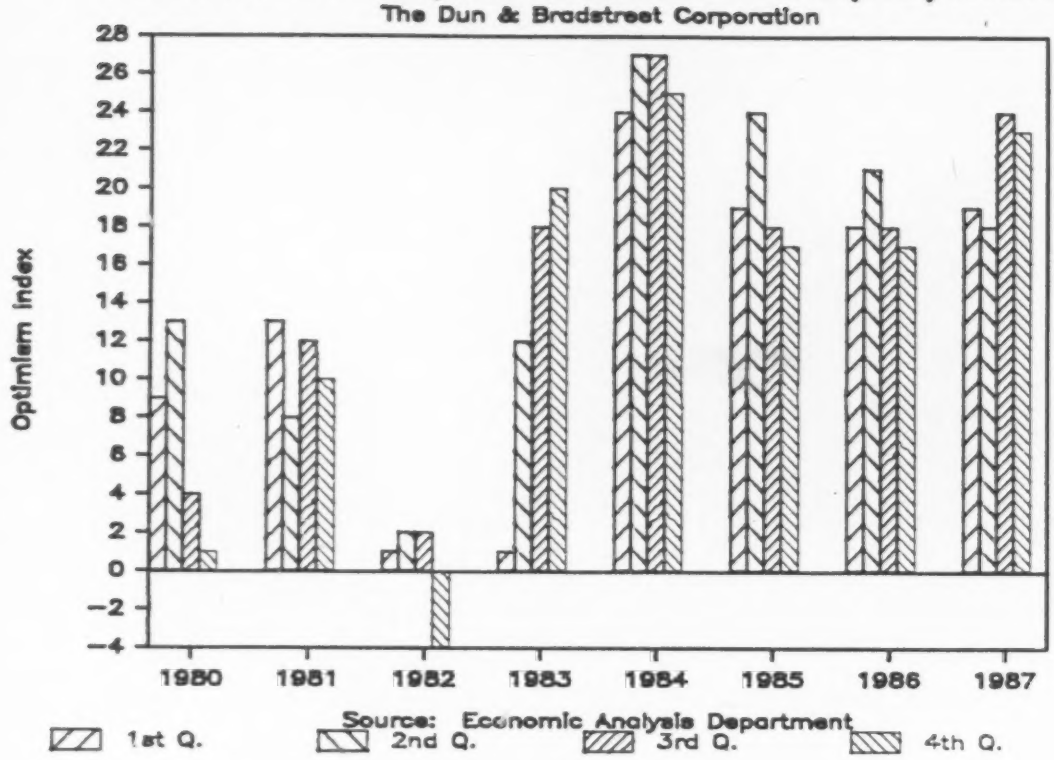

# Business Expectations — Profits

The Dun & Bradstreet Corporation



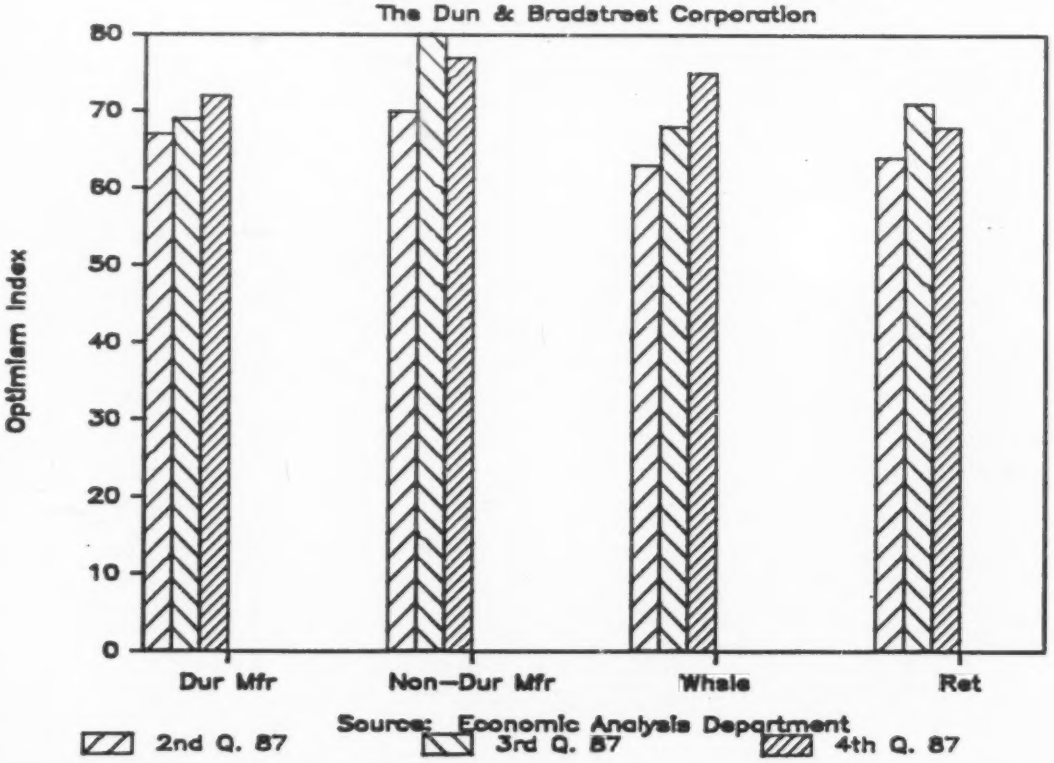
# Business Expectations — Employment

The Dun & Bradstreet Corporation




# SALES OPTIMISM INDEX

The Dun & Bradstreet Corporation




September 18, 1987 (1795)